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INFO RUCNNSG/NUCLEAR SUPPLIERS GROUP IMMEDIATE
RUEHRL/AMEMBASSY BERLIN IMMEDIATE 0084
RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 5229
RUEHDL/AMEMBASSY DUBLIN IMMEDIATE 0040
RUEHLO/AMEMBASSY LONDON IMMEDIATE 0204
RUEHMO/AMEMBASSY MOSCOW IMMEDIATE 0186
RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 0179
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SIPDIS

STATE FOR EAP/ANP

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TAGS: [PARM](#) [PREL](#) [ETTC](#) [NZ](#)

SUBJECT: NEW ZEALAND HAS CONDITIONS FOR US-INDIA DEAL

REF: STATE 85948

Classified By: DCM David J. Keegan; Reason 1.4 (b) and (d)

¶1. (C) In an August 20 meeting between the Ambassador and Minister for Disarmament Phil Goff, the Ambassador pointed out the strategic and historic importance of the US-India deal, and the very real possibility that the Indians could shelve it if the NSG demands proved too politically difficult for the GOI.

¶2. (C) Goff responded that New Zealand strongly supports the objectives the U.S. had in negotiating the US-India Civilian Nuclear Cooperation Initiative. It does not want to be "unnecessarily obstructive" in reviewing the deal in the Nuclear Suppliers Group (NSG), but he said that the GNZ sees a downside to an India exemption. Other countries gave up nuclear programs and signed the NPT; that raises the prospect of a double standard if India gets something without being held to the same criteria, noted Goff. However, because New Zealand recognizes that this deal represents an opportunity for the international community, the question is how to get an NSG agreement that does not negatively impact on the global nonproliferation regime.

¶3. (C) Goff outlined five areas where New Zealand had concerns which it needed addressed before it could support the proposed initiative and approve the exemption for India:

-- The first area is nuclear testing; New Zealand wants to add language that would extend to all NSG states the Hyde Act's sanctions in the event of a future Indian nuclear test.

-- New Zealand would like to see the IAEA Additional Protocol established as a condition for supply of nuclear materials to India.

-- New Zealand wants measures in place to restrict the transfers of sensitive technology, such those related to enrichment and reprocessing. The GNZ concern is the possibility of India engaging in nuclear proliferation activities for military purposes.

-- The GNZ believes a review and reporting mechanism should be in put into place, perhaps to occur every two years.

-- If India unilaterally terminates the safeguards agreement, the return of nuclear fuel and supplies should apply to all NSG countries.

Goff said that he thought the U.S. would share the same objectives that led New Zealand to propose these conditions. However, New Zealand suspected that others -- he named France and Russia -- might allow commercial interests to outweigh non-proliferation concerns. These conditions would make that more difficult.

¶4. (C) Goff explained that New Zealand does differentiate India from Pakistan on nonproliferation matters and accepts that India has been a better nuclear citizen despite remaining outside the Non-Proliferation Treaty (NPT), although he criticized India's nuclear testing record and military weapons program. And while New Zealand is "not a great fan of nuclear energy," Goff allowed that New Zealand is blessed with other options. He noted that the GNZ understands that other countries' energy security and GHG emission profiles are different and New Zealand does not want to stand in the way of their pursuit of legitimate energy needs.

¶5. (C) Goff regretted that he was out of the country during Secretary Rice's July 26 visit to Auckland, and would have liked to engage with her on the India deal. He said that New Zealand appreciates the USG desire for a clean exemption and India's domestic political situation, but that New Zealand and like-minded countries such as Ireland, Sweden, Norway, and the Netherlands want to ensure that this is the best deal possible. He said that an NSG discussion will be focused on possible changes to the text to reflect the concerns of the like-minded group, and that a second meeting will be likely. New Zealand, he continued, will go into the meeting with flexibility but must adhere to its bottom lines. If there is no flexibility on addressing New Zealand's concerns, it would be very difficult for New Zealand to support the deal, said Goff.

¶6. (C) Separately, Ministry of Foreign Affairs Deputy Secretary Caroline Forsyth (who heads the disarmament group at MFAT) told us that Goff had outlined these five areas to the GOI delegation that visited New Zealand recently, and none of them balked at the prospect of having to address these issues at the NSG meeting.

¶7. (C) Comment. Minister Goff clearly understood the emphasis the Ambassador placed on the strategic and historical importance of the US-India deal, and the possibility of the Indians walking away if the NSG demands are politically impossible for New Delhi. However, New Zealand is on the cusp on an election and Phil Goff's party (Labour) is seriously lagging in the polls. It would be political suicide for Goff, who is touted as the next Labour Party leader should Helen Clark lose this election, to appear soft on a core policy plank for Labour like nonproliferation.

Goff emphasized at the end of our meeting that he would be meeting later this week with the Prime Minister and the Cabinet to review this issue. Another factor in Goff's assessment of the necessity to be tough with India in the NSG is his experience during the WTO Doha negotiations as Trade Minister. Goff was clearly frustrated with India and its adamant refusal to compromise during the recent WTO sessions.

End Comment.

McCORMICK